

Service Industries Expected to Dominate 1994-2005 Job Growth

Rural employment is more concentrated than urban employment in industries and occupations expected to decline or grow slowly over the next 10 years. However, a large share of rural employment is still in occupations expected to grow.

The Bureau of Labor Statistics (BLS) has recently released its projections of employment from 1994 to 2005, updating projections released in 1993. [See U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*, Vol. 118, No. 11, Nov. 1995 for more details.] BLS does not specifically project rural employment trends; however their national projections have rural implications. BLS projects employment losses in agriculture, mining, and manufacturing, industries with larger shares of rural than urban employment. BLS projects growth in all major occupation groups, except for the group including agriculture, forestry, and fishing which is projected to lose 112,000 jobs.

BLS Long-Term Projections

The prospects for employment by industry and specific occupations depend primarily on major economic developments. Projections of these developments are relatively uncertain very far in the future. Thus, BLS considers three scenarios: low growth, moderate growth, and high growth. Several features are common to all scenarios. Total labor force growth is expected to be slightly less than that in the 1980's, Federal spending generally, and defense spending particularly, is expected to decrease, and the trade balance is expected to improve. The labor force will, on average, grow older as baby boomers continue to move into the 45-64 year-old age group. The BLS moderate-growth scenario assumes annual GDP growth of 2.3 percent, less than the 1983-94 annual average growth rate of 2.9 percent, whereas annual rates of 1.6 percent and 3.0 percent are assumed for the low and high scenarios.

Service Industries Projected to Grow Fastest

BLS projects 18 million new jobs under the moderate-growth scenario. Almost all of these jobs will be in the service sector. Half will be in the services industry of the services sector, that is, in the hotel and other lodging and personal services industries. Large employment gains are also expected in the health services, business services, and retail trade industries of the services sector. BLS stresses, however, that there will be job openings for workers in all industries and at all levels of education and training due to 32 million job openings expected to replace departing workers.

Employment is projected to decline in agriculture, mining, and manufacturing during 1994-2005 under the moderate-growth scenario. All these industries had larger shares of rural employment than urban employment in 1993. Between the low- and high-growth scenarios, employment change ranges from -5.3 to -7.2 percent for agriculture, from -25.1 to -15.3 percent for mining, and from -11.4 to -1.6 percent for manufacturing. The agriculture industry is projected to have fewer jobs under a high-growth scenario due to higher productivity necessitating fewer workers and to a high-growth economy generating more job opportunities outside of agriculture. By comparison, the number of agriculture jobs increased and the number of mining and manufacturing jobs declined during 1983-94. Agriculture gained 115,000 jobs (3.3 percent), mining lost 351,000 jobs (36.9 percent), and manufacturing lost 126,000 jobs (0.7 percent).

Among the projected growth industries, rural areas had about the same proportion of employment in construction and in retail trade as urban areas, but a lower proportion in services in 1993. The services industry is expected to grow the most with projected national growth between 36.6 percent and 41.8 percent. Services also had the largest employment gain from 1983 to 1994, 60.0 percent.

Industry employment*Agriculture, mining, and manufacturing employment expected to shrink in next 10 years...*

Industry	1993 employment distribution		1983-94 national change	1994-2005 projected change, moderate-growth scenario
	Nonmetro	Metro		
	Percent			
Agriculture ¹	9.0	2.0	3.3	-6.2
Mining	1.5	.5	-36.9	-27.0
Construction	5.2	4.9	26.9	9.8
Manufacturing	16.8	12.6	-.7	-7.2
Transportation, communications, utilities	4.1	4.8	21.1	7.1
Wholesale trade	3.3	5.0	16.2	6.8
Retail trade	17.0	16.7	31.1	13.0
Finance, insurance, and real estate	4.4	8.0	26.8	6.3
Services	21.9	30.5	60.0	39.0
Government	16.8	15.0	20.5	9.8
Total employment	100.0	100.0	24.0	13.9

¹ Includes farm, agricultural service, forestry, and fishing industries.

Source: Bureau of Economic Analysis data and Bureau of Labor Statistics projections.

Occupational employment*Along with shrinking employment in agricultural occupations*

Occupation	1993 employment distribution		1983-94 national change	1994-2005 projected change, moderate-growth scenario
	Nonmetro	Metro		
	Percent			
Executive, administrative, and managerial	8.3	12.8	34.5	16.8
Professional specialty	11.4	14.7	37.0	29.3
Technicians and related support	3.1	3.9	30.2	19.7
Marketing and sales	9.2	11.3	33.3	18.0
Administrative support occupations, including clerical	14.2	18.0	22.8	4.3
Service occupations	15.9	14.3	29.9	22.7
Agricultural, forestry, fishing, and related occupations	3.3	1.2	1.3	-3.0
Precision production, craft, and repair	12.4	10.0	10.3	5.9
Operators, fabricators, and laborers	22.2	13.8	11.5	4.4
Total employment	100.0	100.0	24.0	13.9

Source: Current Population Survey data and Bureau of Labor Statistics projections.

Employment Expected to Grow in All Major Occupations Except Agriculture

Despite declines in some industries, employment in all major occupational groups is expected to increase under the moderate growth scenario, except for agricultural occupations which are projected to lose 112,000 jobs. BLS projects that three of the four fastest growing occupational groups will be those requiring relatively high levels of education or training: executive, administrative, and managerial; professional specialty; and technicians and related support. Rural areas have proportionately fewer of these workers than urban areas. Rural areas also have a larger share of workers employed in precision production, craft, and repair, and operators, fabricators, and laborers—occupational groups that are expected to have substantially less employment growth than in other groups.

Below the major group level, projected growth rates vary widely among specific occupations. The five specific occupations that are expected to generate the most jobs are cashiers, janitors and cleaners, retail salespersons, waiters and waitresses, and registered nurses. About 10 percent of rural employment is in these five occupations, which is about the same share as of urban employment. The five occupations expected to lose the most jobs are farmers, typists and word processors, bookkeeping clerks, bank tellers, and sewing machine operators who sew garments. Rural areas have a slightly larger proportion of employment in these occupations, 3.4 percent of rural employment versus 2.8 percent of urban employment.

Prospects for Rural Employment Growth

Over the last 10 years, employment in rural areas has decreased as a share of total U.S. employment. Although a large share of rural employment is now in occupations expected to grow the most by 2005, employment in industries and occupational groups with projected declines or slow growth are concentrated in rural areas. This suggests that rural economies are somewhat disadvantaged in their positioning for the expected work force changes over the next 10 years. Recent experience, however, showed that many rural areas were able to increase employment through manufacturing, although manufacturing jobs decreased nationwide. If rural areas do not utilize their comparative advantages or do not adapt their industry and occupational structure, rural employment will continue to be a shrinking share of the national labor force. *[Karen S. Hamrick, 202-219-0789, khamrick@econ.ag.gov]*